

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000
Docket No. R2000-1

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UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO MAJOR MAILERS ASSOCIATION WITNESS BENTLEY
(USPS/MMA-T1-1-6)


Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to MMA witness Bentley: USPS/MMA-T1-1-6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

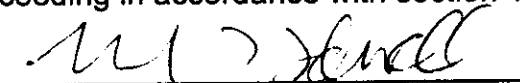
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Michael T. Tidwell

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June 1, 2000

USPS/MMA-T1-1.

In your testimony, you recommend [for First-Class Mail letters] that the basic automation discount be increased by 0.2 cents and the 3-digit automation discount be increased by 0.3 cents. Your recommendations for the other presort categories, nonautomation presort, 5-digit automation and carrier route, are the same as the Postal Service's proposed discounts (MMA-T-1 at 24). You recommend the following increases in the discounts for workshared letters: 0.2 cents for Automation Basic and 0.3 cents for 3-Digit Automation (MMA-T-1 at page 8).

- (a) Please confirm that the basic automation discount you describe above is being measured in relation to the metered benchmark, while the 3-digit, 5-digit, and carrier route discounts described are in terms of the previous automation tier (for example, 3-digit in terms of basic automation or 5-digit in terms of 3-digit automation). If you cannot confirm, please explain why not.

- (b) Please confirm that if discounts are measured in terms of the proposed single-piece rate of 34 cents (instead of the benchmark or the previous automation tier), the table below results. If you cannot confirm, please explain.

Rate Category	Discount from Single-Piece Letter Rate		
	Current Discount	USPS Proposal Docket No. R2000-1	MMA Proposal Docket No. R2000-1
Basic Automation	6.0	6.0	6.2
3-Digit Letter	6.9	6.9	7.4
5-Digit Letter	8.7	8.7	9.2
Carrier Route	9.2	9.2	9.7

USPS/MMA-T1-2.

Please confirm that in developing your letter automation proposals in Docket No. R97-1 you used bulk metered mail as your benchmark.

USPS/MMA-T1-3.

Please refer to Table 10 of your testimony (MMA-T-1), which presents MMA proposed increases in First-Class Mail rates. For 3-digit automation letters and 5-digit automation letters (the two largest categories of workshared First-Class Mail), MMA proposes increases of 1.9 percent and 2.1 percent, respectively. The Postal Service has proposed increases for other subclasses of mail that are significantly higher than these increases, for example, Standard (A) Regular a 9.4 percent increase or Outside County Periodicals a 12.7% increase (Exhibit USPS-32D).

- (a) In developing your First-Class rate proposals, did you compare your proposed percentage increases to the rate increases for other classes of mail? If not, why not?
- (b) The fourth pricing criterion (39 U.S.C. § 3622(b)(4)) of the Postal Reorganization Act concerns the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy. How did you take account of this pricing criterion in developing your rate proposals?

USPS/MMA-T1-4.

In your testimony you state:

Because USPS witness Daniel failed to isolate the specific impact of weight on costs, it is not possible to conclude, as USPS witness Fronk apparently still does, that 2-ounce letters cost more than 1-ounce letters solely *because they weigh more*. [MMA-T-1 at 29; emphasis in original.]

Please provide a specific citation to where witness Fronk states that 2-ounce letters cost more than 1-ounce letters solely because they weigh more.

USPS/MMA-T1-5.

Please refer to page 29 of your testimony (MMA-T-1) where you propose extending the current 4.6-cent heavyweight discount, which applies to presort mail of all shapes weighing more than 2 ounces, to only letter-shaped mail weighing between 1-2 ounces. In its decision in Docket No. R97-1, the Commission noted that the

discussion at the time the discount was introduced focused on flats. PRC Op. R87-1 at ¶ 5103.

- (a) How do you justify extending the discount only to letters when the intent of the discount was to focus on flats?
- (b) On page 29 of your testimony you state that you are confident that letters, not flats or small parcels, incur little or no extra cost when they weigh 2 ounces rather than 1 ounce. Please describe the basis for your confidence.

USPS/MMA-T1-6.

On pages 31 and 32 of MMA-T-1 testimony, you estimate that your proposals will reduce Postal Service Test Year revenues by \$250 million. You propose that this revenue be made up not from other mailers, but by conveniently reducing the Postal Service's contingency allowance below 2.5 percent. If the Commission does not change the contingency allowance, how would you recommend that the \$250 million shortfall be made up?